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J.R. Elpers, MD, **Chair of the Board** • Michael M. Faenza, **President and CEO**

March 23, 2004

The Honorable _____
U.S. House of Representatives
_____ House Office Building
Washington, D.C. 20515

Dear Representative _____:

On behalf of the National Mental Health Association (NMHA), I am writing to express our grave concerns regarding provisions in the House FY 2005 Budget Resolution to cut Medicaid funding by \$2.2 billion and domestic discretionary spending (including funding for mental health programs) by \$120 billion over five years.

The Medicaid program is a critical source of support for people with mental illness. It is the single largest source of financing for mental health care and encompasses over half of state and local spending on mental health services. Medicaid provides millions of low-income people critical mental health services ranging from inpatient hospital care, to psychologist services, psychosocial rehabilitation, and prescription drug coverage including coverage of psychotropic medications. Importantly, many of the services and benefits that Medicaid covers enable individuals to remain in their homes and communities and avoid costly institutionalization.

Given the program's critical role in providing needed access to mental health care for low-income populations, we have been alarmed by recent state cutbacks in Medicaid coverage prompted by widespread state budget deficits and Medicaid funding shortfalls. Among the very disturbing steps already taken across the country, states have reduced benefits, increased cost-sharing, and restricted access to medications through prior authorization requirements and preferred drug lists.

States continue to struggle with very difficult fiscal conditions and face continued problems as the state fiscal relief provided by Congress is scheduled to expire June 30th and they must absorb unexpected additional Medicaid costs as they help to implement the new Medicare law. Given the already fragile state of the vitally important safety net that Medicaid provides, additional cuts in federal Medicaid funding will mean fewer low-income people will receive mental health services and more restrictions will apply on those services that are available.

We urge you to oppose any Medicaid cuts in the fiscal year 2005 budget and to actively work to eliminate the reconciliation instructions requiring these unacceptable cuts. We also ask you to oppose any cuts to Medicaid in the final budget resolution conference report adopted by Congress. Lastly, we urge you to reject any budget resolution that provides less discretionary funding than the President's FY 2005 budget proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael M. Faenza". The signature is fluid and cursive, with the first name "Michael" being more legible than the last name "Faenza".

Michael M. Faenza, MSSW
President and CEO